

Remarks

Reconsideration of this Application is respectfully requested.

Upon entry of the foregoing amendments, claims 1-20 are pending in the application, with 1, 14 and 20 being the independent claims. No claims are sought to be amended, added, or canceled.

Based on the following remarks, Applicants respectfully request that the Examiner reconsider all outstanding rejections and that they be withdrawn.

Rejections under 35 U.S.C. § 103

Claims 1 and 6-13 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over a PR Newswire article titled "Corner Banca Selects Trintech's PayWare Resolve for Chargeback Automation" (hereinafter "PR Newswire"), in view of European Patent Application No. 93309000.3 to Schmidt (hereinafter "Schmidt"). Applicants respectfully traverse.

Claim 1 recites features that are distinguishable over the applied references. For example, claim 1 recites, among other things, "calculating a number of disputed transactions and a number of credit transactions involving a merchant over a period of time." The Examiner states that PR Newswire (p. 2) discloses this feature. (*See* Office Action, 12/28/07, p. 2, para. 2.) Applicants respectfully traverse.

PR Newswire appears to disclose a need for a non-paper based chargeback system. (*See* p. 2.) In particular, a quotation in PR Newswire states "[a]s the level of payment transactions grows rapidly, exponential levels of chargebacks are associated with that growth, making it no longer viable to operate with a paper based system." (*See*

id.) In view of this, the PayWare Resolve provides a solution to the paper based system by recommending an appropriate action and chargeback reason code for each case based on chargeback regulations encoded into each application. (*See id.*) According to PR Newswire, the PayWare Resolve system appears to replace the need to navigate through intricate paper trails and complex regulations in order to process a chargeback. Nowhere does PR Newswire teach or suggest "calculating a number of disputed transactions and a number of credit transactions involving a merchant over a period of time," as recited in claim 1.

The Examiner also asserts that it would have been obvious to one of ordinary skill, at the time of the invention, to modify PR Newswire with Schmidt. (*See Office Action*, 12/28/07, p. 2, para. 2.) Applicants respectfully traverse.

Schmidt is a completely unrelated art when compared to the claimed invention. The claimed invention relates to processing credit transactions whereas Schmidt relates to monitoring errors in a telecommunications network. In particular, Schmidt appears to disclose a monitoring system that removes a transmission link from service once a maximum allowable error rate has been exceeded. (*See Summary of the Invention* and p. 2, lines 12-13.) The purpose of the monitoring system in Schmidt is to improve performance in a telecommunications network by reducing unnecessary changeovers and buffering requirements of transmission links. (*See p. 3*, lines 15-16.) One of skill in the art of financial transaction processing would not have reason to look to a monitoring system in a telecommunications network for processing credit transactions.

Even assuming, *arguendo*, that Schmidt could be combined with PR Newswire, which Applicants do not concede, the combination of the two cited references would still

not teach or suggest the features of claim 1. If the system of Schmidt could be translated to financial transaction processing, which Applicants do not concede, the financial transaction processing equivalent of Schmidt would actually prohibit a merchant from processing any credit transactions, regardless of whether the transactions were error-free or not, once an error threshold has been exceeded. However, in the invention of claim 1, the merchant is merely assessed a chargeback fee for each disputed transaction that exceeds a threshold ratio. The merchant is still able to process transactions beyond the threshold ratio. To teach or suggest a feature, the system in Schmidt would have to assess a fee for disputed transactions (e.g., analogous to an error in the monitoring system) that exceed a threshold, while still allowing all non-disputed transactions (e.g., analogous to a non-error in the monitoring system) to be processed by a financial institution. Schmidt does not teach or suggest such a feature. In contrast, as described above, the monitoring system in Schmidt removes a transmission link from service once an error rate has been exceeded. Therefore, neither PR Newswire nor Schmidt teach or suggest "assessing a chargeback fee against the merchant only for each disputed transaction involving the merchant that exceeds the threshold ratio, when the merchant's ratio is at least equal to the threshold ratio," as recited in claim 1.

For at least the above reasons, Applicants respectfully submit that a person of ordinary skill in the art would not be motivated to combine the performance-enhancing system in Schmidt with the cost-savings system discussed in PR Newswire.

For at least the above reasons, Applicants respectfully assert that claim 1 is patentable over the cited references. Claims 6-13 are dependent on claim 1. Applicants thus submit that claims 6-13 are patentable over the cited references for at least the

reasons discussed with respect to claim 1, and further in view of their own respective features.

Claim 14 was rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over PR Newswire, in view of a Card News article titled "New Approach to Combat Web Chargebacks" (hereinafter "Card News"). Applicants respectfully traverse.

Claim 14 recites features that are distinguishable over the applied references. For example, claim 14 recites, among other things, "calculating a ratio of disputed credit transactions to total credit transactions for each of a plurality of industry categories for a previous period of time" and "determining a first threshold ratio for a first of the industry categories based on said calculating." The Examiner states that PR Newswire (p. 2) discloses the calculating step and that Card News discloses the determining the first threshold step. Applicants respectfully traverse.

With respect to the calculating step in claim 14, PR Newswire appears to disclose a system that recommends an appropriate action and chargeback reason code based on a chargeback regulation encoded into each application. (*See* p. 2.) As far as a relationship between disputed credit transactions and a total amount of credit transactions, PR Newswire merely states that "[a]s the level of payment transactions grow rapidly, exponential levels of chargebacks are associated with that growth." (*See id.*) Nowhere does PR Newswire teach or suggest "calculating a ratio of disputed credit transactions to total credit transactions for each of a plurality of industry categories for a previous period of time," as recited in claim 14.

With respect to the determining the first threshold step in claim 14, Card News appears to discuss that Internet merchants frequently see higher chargeback rates than

their non-Internet counterparts. (*See* p. 1.) In particular, a quotation from Card News states "[i]n our own research that we've done on the areas of purchasing online and card-not-present and things along those lines, we know that card-not-present in Internet transactions do account for a significant number of chargebacks." (*See id.*) Nowhere does Card News teach or suggest "determining a first threshold ratio for a first of the industry categories based on said calculating," as recited in claim 14.

PR Newswire and Card News, alone or in combination, do not disclose the calculating step or the determining the first threshold step of claim 14 and therefore, for at least the above reasons, Applicants respectfully assert that claim 14 is patentable over the cited references.

Claims 4 and 15-20 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over PR Newswire, in view of Schmidt and Card News. Applicants respectfully traverse.

Claim 4 is patentable over the cited references. Based on the preceding discussion with respect to claim 1, the combination of PR Newswire and Schmidt does not teach or suggest each and every feature of claim 1. The deficiencies of PR Newswire and Schmidt are not overcome by Card News, alone or in combination, since Card News also does not teach or suggest "calculating a number of disputed a number of disputed transactions and a number of credit transactions involving a merchant over a period of time," as recited in claim 1. Accordingly, dependent claim 4 is patentable over the cited art for at least the reasons discussed with respect to claim 4, in addition to its own patentable features.

Further, claim 4 recites other features that are distinguishable over the applied reference. For example, claim 4 recites, among other things, "establishing the threshold ratio based on an industry category including the merchant." The Examiner states that Card News (Abstract) discloses this feature. (*See* Office Action, 12/28/07, p. 6, para. 4.) Applicants respectfully traverse.

Card News appears to discuss that a "new generation of card-not-present payment transactions create a new set of fraud and chargeback challenges." (Abstract.) Further, a quotation in Card News states that "[i]n our own research that we've done on the areas of purchasing online and card-not-present and things along those lines, we know that card-not-present in Internet transactions do account for a significant number of chargebacks." (*Id.*) Nowhere does Card News teach or suggest "establishing the threshold ratio based on an industry category including the merchant," as recited in claim 4.

For at least the above reasons, Applicants respectfully assert that claim 4 is patentable over the cited references.

Claims 15-20 are patentable over the cited references. Based on the preceding discussion with respect to claim 14, the combination of Card News and PR Newswire does not teach or suggest each and every feature of claim 14. The deficiencies of Card News and PR Newswire are not overcome by Schmidt, alone or in combination, since Schmidt also does not teach or suggest "calculating a ratio of disputed credit transactions to total credit transactions for each of a plurality of industry categories for a previous period of time" or "determining a first threshold ratio for a first of the industry categories based on said calculating," as recited in claim 14. Accordingly, dependent claims 15-19

are patentable over the cited art for at least the reasons described with respect to claim 14, in addition to their own patentable features.

For at least the above reasons, Applicants respectfully assert that claims 15-19 are patentable over the cited references.

Claim 20 recites features that are distinguishable over the applied references. For example, claim 20 recites, among other things, a memory operative with the processor to store and retrieve a sequence of processing instructions that enable the processor to "calculate an average dispute-to-record of charge (ROC) ratio for each of a plurality of industry categories" and "establish a threshold dispute-to-ROC ratio for a first of the industry categories based on its average dispute-to-ROC ratio." The Examiner states that PR Newswire (p. 2) discloses calculating the average dispute-to-ROC ratio. (*See* Office Action, 12/28/07, pp. 8-9, para. 4.) Further, the Examiner is silent on establishing the threshold dispute-to-ROC ratio based on the average dispute-to-ROC ratio.

With respect to calculating the average dispute-to-ROC ratio, PR Newswire appears to disclose a system that recommends an appropriate action and chargeback reason code based on a chargeback regulation encoded into each application. (*See* p. 2.) As far as a relationship between disputed credit transactions and a total amount of credit transactions, PR Newswire merely states that "[a]s the level of payment transactions grow rapidly, exponential levels of chargebacks are associated with that growth." (*See id.*) Nowhere does PR Newswire teach or suggest "calculat[ing] an average dispute-to-record of charge (ROC) ratio for each of a plurality of industry categories," as recited in claim 14.

With respect to establishing the threshold dispute-to-ROC ratio based on the average dispute-to-ROC ratio, the Examiner is silent on this feature of claim 20.

Applicants respectfully submit that the cited references do not teach or suggest "establish[ing] a threshold dispute-to-ROC ratio for a first of the industry categories based on its average dispute-to-ROC ratio," as recited in claim 20.

For at least the above reasons, Applicants respectfully assert that claim 20 is patentable over the cited references.

Claims 2 and 3 were rejected under 35 U.S.C. § 103(a) as being allegedly unpatentable over PR Newswire, in view of Schmidt and Official Notice by the Examiner. Applicants respectfully traverse.

Further, claim 5 was rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over PR Newswire, in view of Schmidt, Card News, and Official Notice by the Examiner. Applicants respectfully traverse.

Based on the preceding discussion with respect to claim 1, PR Newswire and Schmidt do not teach or suggest each and every feature of claim 1. Even taking into consideration Official Notice by the Examiner, the deficiencies of PR Newswire and Schmidt are not overcome since the cited references still do not teach or suggest "calculating a number of disputed transactions and a number of credit transactions involving a merchant over a period of time," as recited in claim 1. Accordingly, dependent claims 2-3 and 5 are patentable over the cited art for at least the reasons discussed with respect to claim 1, in addition to its own patentable features.

For at least the above reasons, Applicants respectfully assert that claims 2-3 and 5 are patentable over the cited references.

Applicants respectfully request that the Examiner reconsider and withdraw the rejections based on the cited references and pass claims 1-20 to issuance.

Conclusion

All of the stated grounds of rejection have been properly traversed, accommodated, or rendered moot. Applicants therefore respectfully request that the Examiner reconsider all presently outstanding rejections and that they be withdrawn. Applicants believe that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone the undersigned at the number provided.

Prompt and favorable consideration of this Reply is respectfully requested.

Respectfully submitted,

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